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TO RUEHC/SECSTATE WASHDC 3469
INFO RUCNIRA/IRAN COLLECTIVE
RUEHMO/AMEMBASSY MOSCOW 1169
RUEHSI/AMEMBASSY TBILISI 1829
RUEHBS/USEU BRUSSELS

C O N F I D E N T I A L YEREVAN 000900

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DEPT FOR EUR/CARC

E.O. 12958: DECL: 07/03/2016

TAGS: ECON ENRG IR AM

SUBJECT: GAZPROM AGAIN LAYS CLAIM TO IRAN-ARMENIA GAS PIPELINE

REF: A) YEREVAN 492 B) YEREVAN 631

Classified By: CDA A. F. Godfrey for reasons 1.4 (b, d)

SUMMARY

¶1. (C) Gazprom announced June 30 its intention to purchase the Iran-Armenia gas pipeline still under construction. The Armenian deputy energy minister told us the statement was just an expression of the company's desire to buy the pipeline, and thus was not news to the GOAM. This is not the first time that Gazprom has announced, and the GOAM has denied, the sale of this pipeline. An Armenian energy expert, however, told us the sale certainly was part of Armenia's Hrazdan 5 energy-for-infrastructure agreement with Russia (ref A). End Summary.

¶2. (U) According to press reports, Gazprom Deputy Chairman Alexander Ryanazov told an annual shareholders meeting that the company planned to acquire the pipeline, which he said would be commissioned in 2007. Armenian Deputy Minister of Energy Iosif Isayan told us no measures have been taken to sell the pipeline to Gazprom. He said the announcement was just the latest in a series of statements expressing Gazprom's desire to acquire the pipeline. The press also quoted Iranian Deputy Ambassador to Armenia Ali Akbar Jokar saying, "We have no information either about Russia's intention to participate in the pipeline construction or the pipeline's transfer of the Iran-Armenia section to Russia." Jokar said construction of the pipeline was moving along on schedule, and that Iran and Armenia expects the construction to be completed by January 1, 2007.

¶3. (C) Armen Arzumanyan, an Armenian energy expert who is deputy chief of party for USAID contractor PA Consulting, told us he believed the sale was part of the Hrazdan 5 agreement. He said Gazprom's statements were a timed "leak," to prepare the public for the eventual transfer. Gazprom had announced April 6 that, along with the transfer of control of the 5th Unit of the Hrazdan Thermal Power Plant, Russia also would gain control of 40 kilometers of the Iran-Armenia pipeline (ref A). Gazprom pulled the initial version of the press release from its website, and later posted an amended version which omitted reference to the Iran-Armenia pipeline as part of the deal.

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